



Lao People's Democratic Republic
Peace independence Democracy Unity Prosperity

Government

No. 94/PMO
Vientiane Capital, Date 90/03/2017

DECREE

ON THE ENVIRONMENT PROTECTION FUND

- Pursuant to the Law on the Government No. 69/NA dated May 15, 2015;
- Pursuant to the Environmental Protection Law No. 29/NA dated December 18, 2012;
- Pursuant to the Amended Law on the State Budget no.71/NA, dated December 16, 2015;
- Pursuant to the Amended Law on the State Assets no. 14/NA, dated July 5, 2012
- Pursuant to the request by the Minister of Ministry of Natural Resource and Environment No. 0560/MONRE, dated 10 February 2017.

THE GOVERNMENT OF LAO PDR ISSUES THIS DECREE:

SECTION 1
GENERAL PROVISIONS

Article 1 Purposes

This Decree defines the principles and rules regarding the organization, the operations, the management, and the monitoring of the Environment Protection Fund for mobilization of financial resources from different national and international sources so that the mobilized fund can be used to support sustainable natural resources management and environmental protection that contributing to achievement of the national socio-economic development plans in line with the clean, green, and sustainable directions.

Article 2 The Environment Protection Fund

The Environment Protection Fund, with acronym in Lao as “Kor Por Sor” and in English as “Environmental Protection Fund or EPF”, is a Government fund established for mobilizing different type of funds from internal and external sources for supporting natural resources management and environmental protection effectively and sustainably.

Article 3 Definitions

In this Decree, the below terms have the following meanings:

1. **Bylaws** means the rules governing the management and administration of EPF Office as approved by the BOD and as amended from time to time;
2. **Operation Manual** means the technical guideline and/or manual related to subproject implementation including procedures on proposals and review of subproject, implementation of subproject, and monitoring and evaluation of subproject; financial management and procurement of EPF Office and of the subproject that receives fund from EPF;
3. **Eligible Entity** means any government organization and business and private sector at central, provincial, district, municipal or village levels, and private enterprise or a civil society that meet eligible condition for funding support as described in the Operation Manual;
4. **Subproject Recipient** means an Eligible Entity who receives the approved fund from EPF and signed a Sub-grant Agreement or a loan agreement with the EPF;
5. **Financing Window** means specific fund established by EPF for allocation to subproject related to natural resources management and environmental protection.
6. **Sub-grant** means a financial grant provided by EPF to subproject that meet the eligible criteria and there is no need for refund;
7. **EPF Asset** refers to the physical property owned by the EPF.

Article 4 Principles on Management and Use of EPF Fund

Management and use EPF fund according to the following principles:

1. Centralized and consistent with the state budget system;
2. Use fund according to the objective, efficiently, and effectively;
3. All revenues and expenditures shall be operated through the National Treasury System; accounting shall be performed in accordance with the State accounting regulation;
4. Effective, quick, judge, and transparent implementation and ensure achievement of the disbursement plan;
5. Have regular inspection and audit in line with related laws and regulations.

SECTION 2 INCOME AND USE OF THE EPF FUNDS

Article 5 Sources of The EPF Funds

Sources of fund and income of the EPF are from:

1. State Budget;
2. Contributions under the concession agreement of investment projects according to the Electricity law, the Minerals law, and other relevant laws;
3. Direct grant aids from national and international organizations;
4. Contributions from person, legal entity, and organization;
5. Interest and profits generated from capital investments of the EPF in the bank;
6. Environmental rehabilitation fees from investment projects and activities;

7. Payment for ecosystem services;
8. Fines and indemnities of environmental damages;

The details on principles, procedures, and methods for making contribution and collection of the contribution will be made according to the relevant Government regulations.

Article 6 Use of EPF Funds

The EPF fund shall be used for the following objectives:

1. Researches on sciences and technologies on environmental protection; build model on white development and clean development; restoration of forests, soil, and water; reduce impacts from climate change; and promote clean productions and others;
2. Implementation of projects on prevention, monitoring and inspection, and control or elimination pollutants on air, soil, and water;
3. Development of policy, strategy, laws, and regulations on natural resource management and environmental protection;
4. Environmental studies, capacity building, and awareness raising on natural resources and environment including supports activities on natural resources and environmental protection such as the World Environmental Day, the World Water Day, and others;
5. Environmental management and solving of priority problems on natural resources and environment at all levels;
6. Administration and investment of the EPF;
7. Disclose information on environment protection.

SECTION 3 ADMINISTRATIVE STRUCTURE OF EPF

Article 7 EPF Organization Structures

The EPF Organization consists of:

- (1) The Board of Director (BOD); and
- (2) The EPF Office (EPFO).

Article 8 Board of Director (BOD)

The BOD is an organization which appointed by the Prime Minister, and is responsible to the government for supervising EPFO operations. The BOD shall be appointed for a period of 5 years.

Article 9 Composition of the BOD

The BOD shall comprise the following organizations' representatives:

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| 1. Minister of MONRE | Chairperson |
| 2. Vice-Minister of Ministry of Finance | Vice-Chairperson |
| 3. Vice-Minister, Ministry of Energy and Mines | Vice-Chairperson |

4. Vice-Minister of Planning of Investment	Member
5. Vice-Minister, Ministry of Agriculture and Forestry	Member
6. Vice-Minister, Ministry of Industry and Commerce	Member
7. Vice-President of Lao National for Construction	Member
8. Vice President of Lao Women Union	Member
9. Vice President of Chamber of Commerce and Industry	Member

Composition of the BOD shall be amended, changed according to the needs by agreement from the Prime Minister.

All BOD members shall not be paid for wages and salary from the EPF for their responsible duties, except for allowance according to the Bylaws of EPF.

Article 10 Rights and Duties of the BOD

The BOD has rights and duties to:

1. Oversee the operations of the EPF;
2. Appoint the Executive Director of the EPFO;
3. Approve the EPF vision, strategy and 5-year plan, annual plan, 6-month plan, 6-month and annual technical reports and financial reports, Bylaws, operation manuals;
4. Approve budget of the subprojects according to the EPFO annual workplan and the subproject that is not part of the EPFO annual plan but is necessary or per the agreement on approval responsibility;
5. Approve the establishment of specific Financing Windows, and allocate the fund to such window, as appropriate;
6. Approve the annual administrative budget of the EPFO;
7. Approve the annual auditor's report;
8. Appoint technical committees as necessary;
9. Approve expenditures related to operation of the BOD;
10. Periodically, submit progress reports to the government on EPF operations;
11. Exercise other rights and duties as assigned by the government.

Article 11 Rights and Duties of the BOD's Chairperson

The BOD's Chairperson has rights and duties to:

1. Be responsible for successful operations and achievement of the expected EPF objective in accordance with the EPF management principles;
2. Invite all members and take role as chair of the BOD meeting;
3. Delegate his or her responsibilities to a Vice Chairperson when absent.

Article 12 BOD Meeting

The BOD meeting consists of ordinary and extra-ordinary meeting.

Ordinary meeting shall be conducted twice a year. In addition, extraordinary meeting may be conducted as needed.

These meetings can be conducted when at least two third of the members can attend the meeting. Resolution adopted will be according to majority vote.

Article 13 Technical Committee

The technical committee is the taskforce appointed by the BOD to assist the BOD on the review, assess and screen the subproject proposal, and monitor budget use for each Window and other related problems.

The said committee shall comprise representatives from line Ministries.

Article 14 EPF Office (EPFO)

The EPFO is a management and administrative office under supervision of the BOD, and mandated as secretariat of the BOD.

The EPFO is consisted the Executive Director (ED), the Deputy Executive Director (DED), and technical staff which have been recruited according to procedures described in the EPF Bylaws.

The EPFO is also consisted of necessary experts and specific advisors which have been selected according to procedures described in the EPF Bylaws and approved by EPF Board.

Article 15 Rights and Duties of the EPFO

The EPFO has rights and duties to:

1. Carry out effectively the EPF functions in accordance to the plan approved by the BOD;
2. Implement fund mobilization strategy in coordination with related organizations;
3. Prepare regularly the EPFO annual work plan and budget including reporting EPFO operation progress for each period for submission and approval by the BOD;
4. Ensure that the procurement and financial management are complied with laws, and procedures of Lao PDR and donors;
5. Prepare a list of proposals for submission and approval by the BOD;
6. Carry out monitoring, supporting and advising during the implementation of the subproject that receives fund according to the plan including progress report periodically.
7. Create and revise management tool of EPFO according to appropriate real situation which propose to the BOD for approval.
8. Provide regularly information on EPF activities to the public;
9. Perform any other functions as assigned by the BOD.

Article 16 The Executive Director (ED) and Deputy Executive Director (DED) of EPFO

Executive Director of EPFO is the administrator of the day-to-day activities of the EPFO. The ED EPFO shall also act as the head of the secretariat to the BOD.

The DED of EPFO shall provide assistance to the ED of EPFO and focus on specific tasks as assigned by the ED of EPFO.

The ED and DED of EPFO shall be appointed by the BOD, for a period of 5 years and may be renewed based on annual performance evaluation.

Article 17 Rights and Duties of the ED of EPFO

The ED of EPFO has rights and duties to:

1. Supervise day-to-day management and administration of the EPFO;
2. Submit the BOD to consider and endorse funding formality and shall consider and approve funding for subprojects in line with scope and mandate governed by EPF Bylaw;
3. Recruit, employ and/or terminate staff contracts who are not able perform according to job descriptions approved by BOD;
4. Hire short term technical consultants and advisors as necessary upon given approval by the BOD;
5. Attend BOD meetings and other related meetings;
6. Collaborate and cooperate with organizations and development partners in respect of fund raising;
7. Perform other duties and functions as assigned by the BOD.

Article 18 Financing Windows

All EPF subproject financing operations are carried out through a Financing Window.

The BOD may create, modify and remove Financing Windows as appropriate by amending the EPF Bylaws;

All Financing Windows are subject to rules and procedures listed in the Bylaws and the Operation Manual.

Article 19 Assets Management of EPF

Asset management as follow:

1. EPF shall coordinate with the Ministry of Finance (MOF) for registration and management of EPF Assets in accordance with the Law on State Asset;
2. The BOD shall approve the plan to manage and use the EPF Asset. In the case of asset transfer to other entities, the EPF has to coordinate with the Ministry of Finance to check the quality and the value of each asset and submit to the BOD for consideration;
3. The registration of all EPF assets shall be part of the centralized list and implementation according to the Law on State Asset and shall be certified by the agencies that receive the right to use from the chairman of BOD.
4. The procurement has to be transparency and follow the decree of Prime Minister No. 03/PM and state procurement regulation.

SECTION 4

ACCOUNTING, AUDITING, AND REPORTING

Article 20 EPF Bank Account

The EPF shall open a bank account in the national bank system according to the regulations of Ministry of Finance. All EPF's revenues shall be reserved in such account through accounting system of the National Treasury.

The EPF financial transaction shall be processed via the accounting system with close inspection Ministry of Finance and in line with provisions and rules on the national state budget and fund management guideline regarding technical revenue and expenditure control.

Article 21 Auditing

The State Audit Authority or the audit companies shall audit activities annually, accounts and administration of the EPF under State Inspection Law and with generally accepted international auditing practices and standards;

The audit report will be available for the public exposure. In case of personal, legal entity and organizations are found financial offences, the offenders shall be subjected to sanctions and legal proceeding by laws;

Details of the audit process shall be described in the Administration and Finance Manual.

Article 22 EPF Inspection

The EPF inspection is the mechanism for EPF operations and management which comprises of two type of inspection as follows:

1. Regular inspection is commissioned by BOD on a regular basis in line with plan and timeline determined;
2. Special inspection is commissioned by government to inspect comprehensive operations in EPF as necessary.

Where the findings of regular and special inspections are not precise, the BOD shall immediately take necessary actions to definitely settle issues in line with their rights and mandates.

Article 23 Reporting

The EPFO shall prepare six-month reports within 45 days of the end of the six-month and annual financial and operational reports, within 3 months of the end of the period, in accordance with the detailed provisions of the EPF Bylaws and Operation Manual. Any EPF reports to be submitted to the Government of Lao PDR and other partners shall be approved by the BOD before submission.

Article 24 Information Dissemination

The EPF shall ensure dissemination of information pertaining to its activities and operations to all national and international stakeholders. In particular, this shall include an annual stakeholders meeting, the regular publication and dissemination of a list of projects and activities that have received EPF financial support and the publication of the annual reports of the annual audited financial statements. The dissemination of such information in both Lao and English shall be made through appropriate information technology systems.

SECTION 5 FINAL PROVISIONS

Article 25 Logo and Stamp

The EPF have its own logo and stamp officially approved that could be used officially.

Article 26 Implementation

The BOD and EPFO have to coordinate with all concerned parties for the successful implementation of this Decree and have to report to the Government annually.

Line ministries and relevant agencies, and organizations as well as local administration authorities are hereby designated to implement this Decree effectively.

Article 27 Effectiveness

This Decree shall enter into force on the date of signing and after posting in the official gazette for 15 days.

This Decree supersedes the Decree on the EPF No 146/PM, dated June 6, 2005.

Prime Minister of Lao PDR